GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4025
ANSWERED ON:14.12.2001
CRR AND SLR OF FI(S) TURNED BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India propose to further relax the statutory requirements like Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on financial institutions turned banks;

(b) if so, the norms prescribed by RBI for the banks and the financial institutions in the matter of maintenance of CRR;

(c) whether the Government have taken the decision to bring the financial institutions turned banks to the same regulatory discipline as nationalized banks; and

(d) if so, the names of the financial institutions owing the banking establishment?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) and (b) : Reserve Bank of India(RBI) has reported that there is no Financial Institution (FI) which turned into a bank. While one formal proposal has so far been received by RBIfrom a FI for transformation into a universal bank, some others have expressed their intent to move in this direction. RBI welcomes the interest shown by some FIs in this regard andencourages them to formulate appropriate and detailed proposals for smooth conversion into universal banks, if they so wish. The RBI intends to process applications in the light of considerations outlined in RBI's circular to FIs on approach to Universal Banking in April2001 which stipulates that it would be mandatory for an FIs to comply withthe cash reserve ratio and statutory liquidity ratio requirements (under Section 42 of RBI Act, 1934, andSection 24 of the Banking Regulation Act, 1949, respectively) after its conversion into auniversal bank.

(c) and (d) : Union Government have not taken any such decision.